



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 3, 2003

S. 702 **Native Hawaiian Health Care Improvement Reauthorization Act** **of 2003**

As reported by the Senate Committee on Indian Affairs on May 14, 2003

SUMMARY

S. 702 would reauthorize the Native Hawaiian Health Care Program, funded from within the Health Resources and Services Administration's Consolidated Health Center Program, through 2009.

The bill would authorize the appropriation of such sums as may be necessary for fiscal years 2004 through 2009. Assuming the appropriation of the necessary amounts, CBO estimates that implementing S. 702 would cost about \$5 million in 2004 and \$53 million over the 2004-2009 period. (That estimate assumes that annual appropriations are adjusted for inflation. Without such adjustments, the six-year total would be \$50 million.)

The bill would extend provisions under section 224 of the Public Health Service Act to providers in Hawaiian health systems. That section authorizes settlements and awards for tort claims to be paid out of the Treasury's Judgment Fund. Those payments are considered direct spending, regardless of whether the health program involved is an entitlement program or subject to appropriation. CBO estimates those payments would total less than \$500,000 in 2004 and less than \$500,000 over the 2004-2009 period.

S. 702 contains no private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require the state of Hawaii to consult with Naive Hawaiians, Papa Ola Lokahi (an umbrella organization composed of groups involved in Native Hawaiian health), and health care organizations that provide services to Native Hawaiians before making policy changes or implementing new programs. That requirement would be an intergovernmental mandate as defined in UMRA, but CBO estimates that the costs of the mandate would be minimal and would not exceed the threshold established in that act (\$59 million in 2003, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 702 is shown in the following table. The costs of this legislation would fall within budget functions 550 (health) and 800 (general government).

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION ^a							
With Adjustments for Inflation							
Native Hawaiian Health Center Program							
Spending Under Current Law							
Budget Authority ^b	9	0	0	0	0	0	0
Estimated Outlays	7	4	*	0	0	0	0
Proposed Changes							
Estimated Authorization Level ^c	0	9	9	10	10	10	10
Estimated Outlays	0	5	9	9	10	10	10
Native Hawaiian Health Center Program							
Spending Under S. 702							
Estimated Authorization Level	9	9	9	10	10	10	10
Estimated Outlays	7	9	9	9	10	10	10

NOTE: * = less than \$500,000

a. This bill also would increase direct spending, but by less than \$500,000 a year.

b. The 2003 level is the amount appropriated for that year for the Native Hawaiian Health Care Program.

c. The proposed changes include annual adjustments for inflation for the bill's authorizations of "such sums as necessary." Without such inflation adjustments, the six-year totals of costs would be about \$3 million lower.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2003 and that the necessary appropriations will be provided for each fiscal year.

Spending Subject to Appropriation

Native Hawaiian Health Care Program. S. 702 would authorize the appropriation of such sums as necessary for 2004 through 2009 for the extension of activities carried out under the

Native Hawaiian Health Care Program. These activities include the provision of health care at Native Hawaiian health centers and health systems; granting scholarships to students dedicated to providing health care to Native Hawaiians; administration of the program; and the development of strategies to improve the health status of Native Hawaiians. The bill would authorize increasing from five to eight the number of health systems receiving grants, and would authorize the establishment of a fellowship program for health care workers.

CBO estimates that these activities could be carried out with 2003 appropriation levels adjusted for inflation, plus additional funding for the increase in the number of health systems receiving grants. Those systems would be added to the program gradually over the next few years, according to information provided by Papa Ola Lokahi. Assuming the appropriation of \$9 million in 2004, and adjustments for inflation in 2005 through 2009, CBO estimates the cost of these provisions would be \$5 million in 2004 and \$53 million over the 2004-2009 period.

Direct Spending

Under current law, settlements and tort claims arising from the actions of licensed health care providers in federally funded health centers are paid from the Treasury's Judgment Fund. The bill would expand that coverage to include tort claims arising from the actions of licensed providers within the Native Hawaiian health systems, as well as non-licensed providers and traditional Hawaiian health providers. Based on past experience with spending from the Judgment Fund for providers covered under section 224, as well as information on the number and license status of newly covered providers, CBO estimates the cost of this provision to be less than \$500,000 in each year and less than \$500,000 over the 2004-2009 period.

IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill would require the state of Hawaii to consult with Native Hawaiians, Papa Ola Lokahi, and health care organizations that provide services to Native Hawaiians before making policy changes or implementing new programs. That requirement would be an intergovernmental mandate as defined in UMRA, but CBO estimates that the costs of the mandate would be minimal and would not exceed the threshold established in that act (\$59 million in 2003, adjusted annually for inflation).

IMPACT ON THE PRIVATE SECTOR

S. 702 contains no private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Alexis Ahlstrom

Impact on State, Local, and Tribal Governments: David Conway

Impact on the Private Sector: Julie Lee

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis